

Message Text

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ACTION NEA-09

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 9756

AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY PARIS

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USDOC WASHDC

LIMITED OFFICIAL USE KUWAIT 2181

E.O. 11652: N/A

TAGS: ENRG, EIND, BMEP, KU

SUBJECT: KUWAIT PETROCHEMICALS PROJECT

REF: KUWAIT 1808 (NOTAL)

1. SINCE REFTEL WAS SENT IN EARLY MAY, MOST SIGNIFICANT DEVELOPMENT IN PETROCHEMICALS PROJECT THAT WE KNOW OF IS THAT BECHTEL BEING CONSIDERED AND MAY HAVE BEEN SELECTED BY GOK TO REVIEW COUNTRY'S PETROCHEMICAL INDUSTRY POTENTIAL. WELL-PLACED AMERICAN SOURCE TOLD EMBOFF FRENCH PROPOSAL DEAD AND GOK HAS TURNED TO BECHTEL FOR ADVICE. ACCORDING THIS SOURCE, CRITICAL FLAW IN FRENCH PROPOSAL WAS THAT IT INVOLVED TRANSPORT OF ETHYLENE FROM KUWAIT TO FRANCE. FYI: GAZOCEAN WAS ONE MEMBER OF FRENCH CONSORTIUM END FYI. THIS ENTAILED TOO MANY TECHNICAL PROBLEMS AND APPARENTLY GOK PREFERS TO MANUFACTURE PRODUCTS BEYOND ETHYLENE STAGE WHICH WOULD BE EASIER TO TRANSPORT.

2. COMMENT: WE HAVE HEARD FROM SEVERAL SOURCES THAT GOK WAS NOT SATISFIED WITH FRENCH PROPOSAL. IF INFO REPORTED ABOUT BECHTEL CORRECT IT SUGGESTS ONE AMERICAN COMPANY COULD HAVE KEY ROLE IN TWO MOST IMPORTANT INDUSTRIAL PROJECTS
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IN KUWAIT. BECHTEL DOING BASIC DESIGN AND ENGINEERING

FOR LARGE LPG FACILITY. SELECTION OF BECHTEL TO DO PETRO-CHEMICAL ANALYSIS SUGGESTS GOK PLEASED WITH ITS PERFORMANCE AND PERHAPS MORE IMPORTANTLY, HAS FAITH IN JUDGMENT AND INTEGRITY OF COMPANY. WE UNDERSTAND COMPANY BEING CONSIDERED FOR LARGER ADVISORY/TECH ASSISTANCE ROLE FOR MINISTRY OF FINANCE AND OIL.

3. NOT CLEAR WHETHER CHEM-SYSTEMS STUDY (REFTEL) WILL BE AFFECTED BY BECHTEL PROJECT. WE HAVE NOT HAD NEWS OF OTHER DEVELOPMENTS IN PETROCHEMICALS PROJECT, ALTHOUGH ONE AMERICAN CHEMICAL COMPANY, ASHLAND CHEMICALS, WAS IN KUWAIT RECENTLY. COMPANY REPS DID NOT REPEAT NOT CALL AT EMBASSY.
MCCLELLAND

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